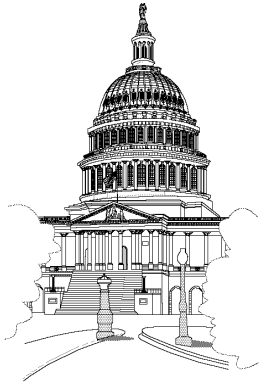
Appropriations Process



Navy Appropriations Matters Office (FMBE)
CAPT Tom McGovern – Deputy Director

FMBE Charter

- On behalf of ASN(FM&C), the Appropriations Matters Office (FMBE) coordinates all matters related to the House and Senate Appropriations Subcommittees on Defense and Military Construc

- Required by legislative direction since 1983 to be separate from OLA:

  - "The Committee directs that the budget liaison structure be returned to a status independent from legislative liaison influence and control and given the authority and manpower to respond directly to the Committee's factual information requirements".

Appropriations Committee Leadership

Senate Committee on Appropriations (SAC)

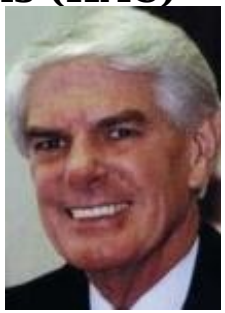
Subcommittee on Defense (SAC-D)

Daniel K. Inouye (D-HI) Chairman

Thad Cochran (R-MS) Ranking

House Committee on Appropriations (HAC)

David R. Obey (D-WI) Chairman



Jerry Lewis (R-CA) Ranking

Subcommittee on Defense (HAC-D)

John P. Murtha (D-PA) Chairman

C.W. Bill Young (R-FL) Ranking

SENATE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON DEFENSE
111TH CONGRESS

Ms. Feinstein (D-CA)

Mr Durbin (D-IL)

Mr. Dorgan (D-ND)

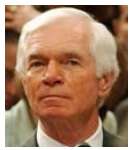
Mr. Harkin (D-IA)

Mr. Leahy (D-VT)

Mr. Byrd (D-WV)

Staff Director

Mr. Inouye (D-HI) CHAIRMAN



Mr. Cochran (R-MS) RANKING

Mr. Bond (R-MO)

Mr. McConnell (R-KY)

Ms. Mikulski (D-MD)

Mr. Shelby (R-AL)

Mr. Kohl (D-WI)

Mr. Gregg (R-NH)

Ms. Murray (D-WA)

Ms. Hutchison

Mr. Specter (D-PA)

Mr. Bennett (D-UT)

HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON DEFENSE
111TH CONGRESS

Mr. Frelinghuysen (R-NJ)

Mr. Lewis (R-CA)

Mr. Young (R-FL)
Ranking Member

Staff Director

Mr. Murtha (D-PA)
CHAIRMAN

Mr. Obey (D-WI)

Mr. Dicks (D-WA)

Mr. Visclosky (D-IN)

Mr. Moran (D-VA)

Ms. Kaptur (D-OH)

Mr. Tiahrt (R-KS)

Mr. Boyd (D-FL)

Mr. Kingston (R-GA)

Mr. Rothman (D-NJ)

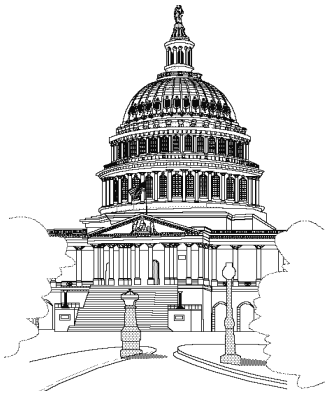
Ms. Granger (R-TX)

Mr. Bishop (D-GA)

Mr. Rogers (R-KY)

Mr. Hinchey (D-NY)

Ms. Kilpatrick (D-MI)



Appropriations (Continued)

Senate Committee on Appropriations (SAC)

Subcommittee on Military Construction, Veterans Affairs, and Related Agencies (SAC MILCON)

Tim Johnson (D-SD) Chairman

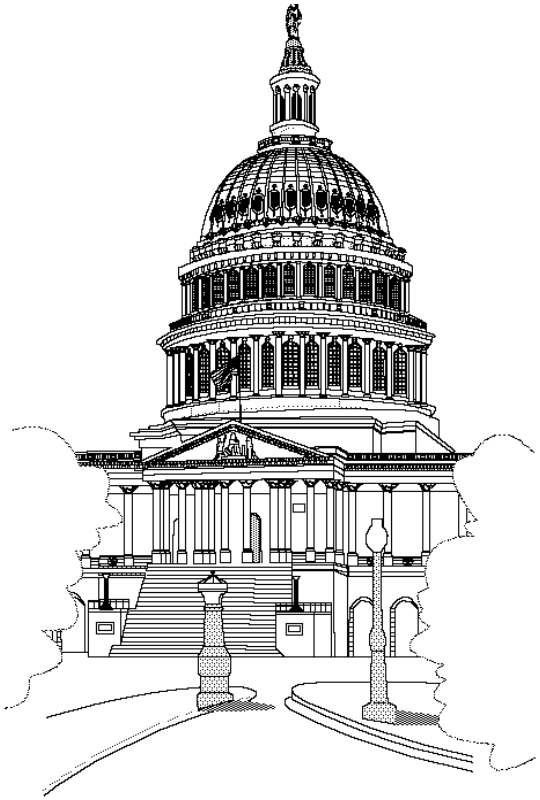
Kay Bailey Hutchison (R-TX) Ranking

House Committee on Appropriations (HAC)

Subcommittee on Military Construction, Veterans Affairs, and Related Agencies (HAC MILCON)

Chet Edwards (D-TX) Chairman

Zach Wamp (R-TN) Ranking



“No money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law”[1]

[1] U.S. Constitution, Article I, Section 9.

The Appropriations Process

Budget Resolution – Sets Spending Limits

- Sets spending ceilings for the upcoming fiscal year.
- Distributes federal spending among 20 functional categories, such as national defense, agriculture, and transportation, and sets similar levels for each function.
- Includes revenue floors
- No Budget/Outlay Authority with Budget Resolution

Authorization Act – Authorizes Appropriations

- Establishes, continues, or modifies agencies or programs.
- Authorizes appropriations for specific agencies and programs, frequently setting spending ceilings for them.
- No Budget/Outlay Authority with Authorization Act

Appropriations Act

- Provides new **budget authority** for the program, activity, or agency previously authorized.
- Congress is not required to provide appropriations for an authorized program.

OLA

FMB

Types of Appropriations Measures

Regular Appropriations Bills

• Provides most of the funding that is provided in all appropriations measures for a fiscal year, and must be enacted by October 1 of each year.

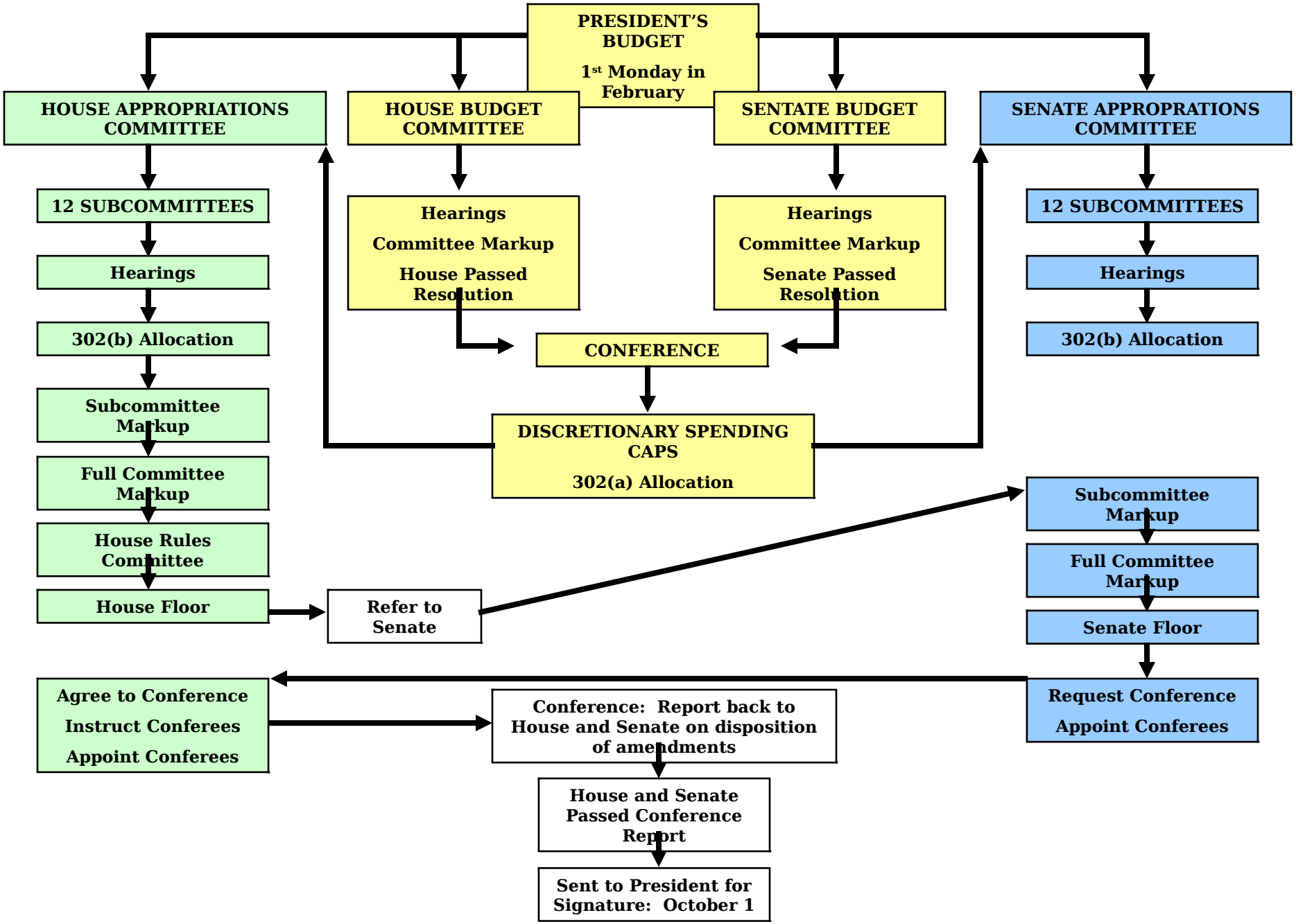
Continuing Resolutions

• If regular bills are not enacted by the deadline, Congress adopts continuing resolutions (CR) to continue funding generally until regular bills are enacted.

Supplemental Bills

• Considered later and provide additional appropriations.

Appropriations Process



FMBE Ro

Support President's Budget request with Appropriations Committees

- Assist in formulation of **Congressional Budg**
Engagement Strategy
- Support Budget **Hearings and Congressional Testi**
- Aid in preparation of **Program Budget Briefs**
- Respond to Defense and Military Construction Subcommittee **requests for program information**
- **Coordinate Navy appeals** for Authorization and Appropriation committee adjustments to President's Budget request
- Coordinate and execute **travel** for subcommittee members, professional staff members, and associate staff members

We DO NOT:

- **Lobby**

Budget Formulation & Execution Process

PPBE Flow

FMBE Focus

FY/FY/FY/FY/FY/FY

FY (FY)

PLANNING

NAT'I POLICY

STRATEGIC VISION

(CSPG)/LRPO

CINCs
AGENCIES
SERVICES

WORLD SITUATION

* IWAR ANALYSES

CPAM ISSUES

CPAM ANALYSES

SUMMARY CPAM

JSR/JPD

NMSD

OSD PLANNING

DPG/FG

PROGRAMMING

Programming Guidance

SPP
T-POM
POM

OSD REVIEW

DECISION (PDM)

BUDGETING

NAVY BUDGET PREPARATION & REVIEW

OSD/OMB BUDGET SUBMIT

OSD/OMB REVIEW

DECISIONS (PBD)

PRES. BUDGET

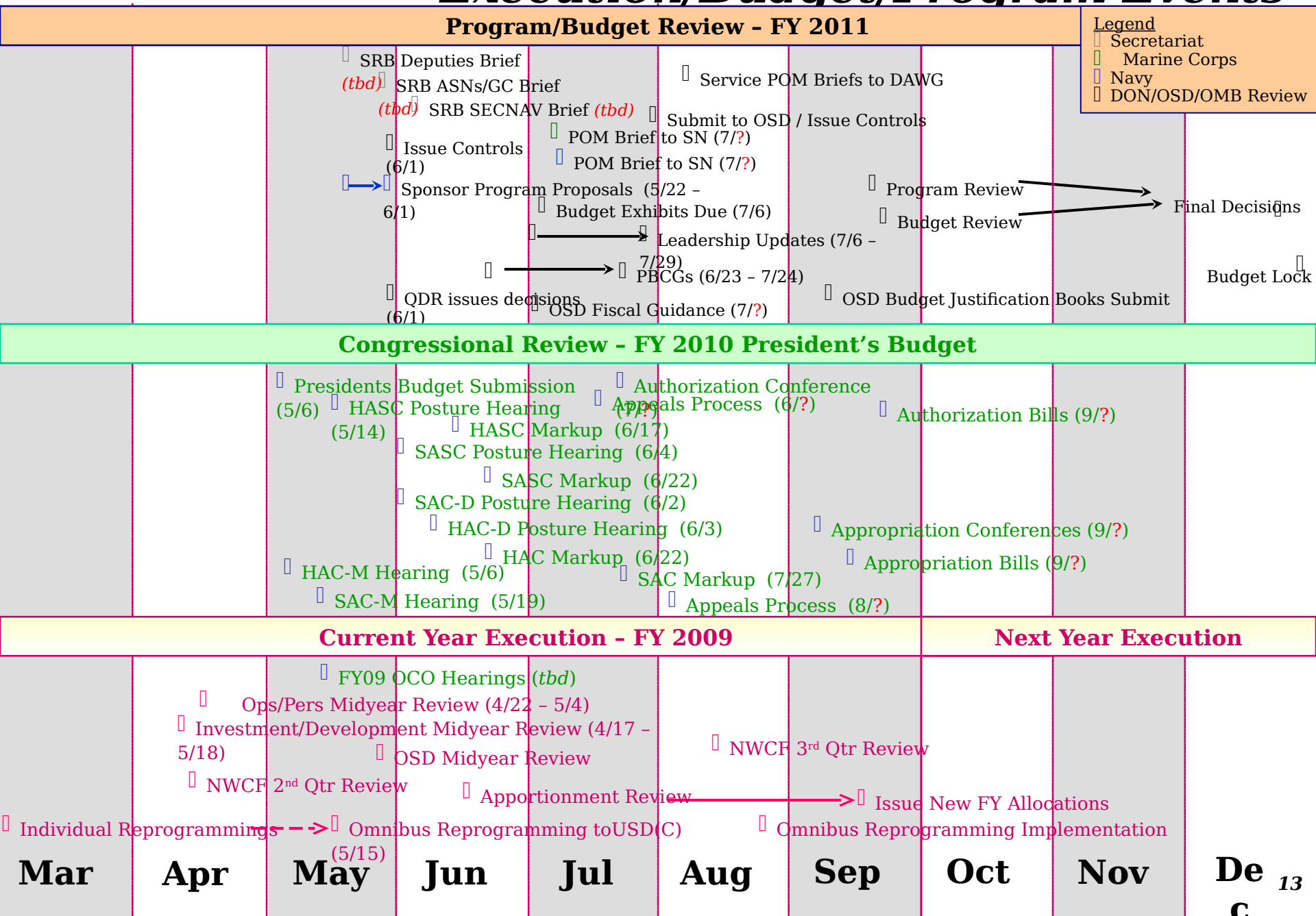
CONGRESS

APPROPRIATION

EXECUTE

* IWAR DEVELOPMENT

Execution/Budget/Program Events



Notional Defense Appropriations Legislative Calendar

OCTOBER NOVEMBER DECEMBER JANUARY FEBRUARY MARCH APRIL MAY JUNE JULY AUGUST SEPTEMBER

BEGINNING OF FISCAL YEAR

CONGRESS CONVENES

PRESIDENT SUBMITS BUDGET

SECDEF, CJCS, & CINC TESTIMONY

BUDGET PROCESS

HBC — F — F — CONF — RES

SBC — F — F — CONF — RES

AUTHORIZATION BILL

HASC — SUBCOM — HASC — F — F — CONF — BILL — PRESIDENT

SASC — SUBCOM — SASC — F — F — CONF — BILL — PRESIDENT

APPROPRIATIONS BILL

HOUSE SUBCOM — HAC — F — F — CONF — BILL — PRESIDENT

SENATE SUBCOM — SAC — F — F — CONF — BILL — PRESIDENT

OCTOBER NOVEMBER DECEMBER JANUARY FEBRUARY MARCH APRIL MAY JUNE JULY AUGUST SEPTEMBER

F Floor Vote

CONF CONFERENCE

PB Rollout Timeline

- The President is required to submit his annual budget on or before the 1st Monday in February.
- OSD and Service budget roll-out briefings to media.
- Budget Justification Material (J-Books) to the Defense Committees.
- FMB budget roll-out briefings to Defense Committee Professional Staff Members (PSMs) and Military Legislative Assistants (MLAs): HASC, SASC, HAC-D, SAC-D, and CBO.
- SECNAV, CNO, and CMC Posture Hearings: HASC, SASC, HAC-D, and SAC-D.
- Program Briefings to Defense Committee PSMs and MLAs along with providing answers to Requests for Information (RFIs)

FY 2010 Budget Breakdown (in billions)

MilPers: $44.3B

Basic Pays	$17.6
Housing Allowance	$6.7
Retired Pay Accrual	$5.7
Health Accrual	$3.3
Reserve Personnel	$2.6
Special Pays	$2.4
Subsistence	$2.0
Allowances	$1.0
Other	$3.0

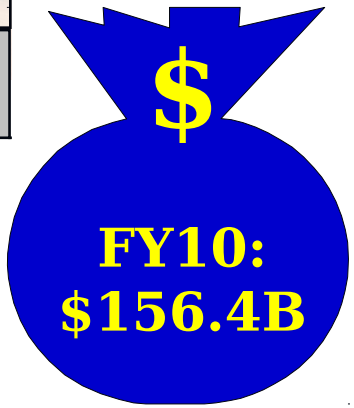
Navy Strength 324,400
Marine Corps 202,100

Procurement: $44.8B

Aircraft
$18.4
Ships $14.9
Weapons Procurement
$3.5
Marine Corps Procurement $1.6

Balanced Investment

Other Navy Procurement $5.7



O&M: $42.9B

Ship Ops	$9.9
Base Support	$6.9
Aviation Ops	$5.7
Marine Corps O&M	$5.5
Combat/Weapons Support	$5.1
Service Wide Support	$5.0
Training and Education	$2.9
Reserve O&M	$1.5
Environmental Restoration	$0.3

Prevail in Current Conflicts

Infrastructure: $5.1B

MILCON

Sustaining the Institution

BRAC

$0.8

R&D: $19.3B

Basic Research

$0.6
Applied Research

$0.6
Advance Tech Dev

Maintaining the Edge

Adv Component Dev

*Numbers may not add due to rounding

Notional Defense Appropriations Legislative Calendar

OCTOBER NOVEMBER DECEMBER JANUARY FEBRUARY MARCH APRIL MAY JUNE JULY AUGUST SEPTEMBER

BEGINNING OF FISCAL YEAR

CONGRESS CONVENES

PRESIDENT SUBMITS BUDGET

SECDEF, CJCS, & CINC TESTIMONY

BUDGET PROCESS

HBC — F — F — CONF — RES

SBC — F — F — CONF — RES

AUTHORIZATION BILL

HASC — SUBCOM — HASC — F — F — CONF — BILL — PRESIDENT

SASC — SUBCOM — SASC — F — F — CONF — BILL — PRESIDENT

APPROPRIATIONS BILL

HOUSE SUBCOM — HAC — F — F — CONF — BILL — PRESIDENT

SENATE SUBCOM — SAC — F — F — CONF — BILL — PRESIDENT

OCTOBER NOVEMBER DECEMBER JANUARY FEBRUARY MARCH APRIL MAY JUNE JULY AUGUST SEPTEMBER

F Floor Vote

CONF CONFERENCE

Hearing Process

- Witness provides written statement to the Committee before the hearing as part of the official record.
- Hearing preparation sessions for the witnesses:
  - Acquisition Issues
  - I&E and M&RA Issues
- Member Interest Grid and Probable Questions
- SECNAV/CNO/CMC Office Calls with Chairman and Ranking of Committee prior to hearing.
- QFRs/IFRs/Transcript resulting from the Hearing

QFRs and IFRs

Committee: Senate Committee on Appropriations
Subcommittee on Defense
Hearing Date: March 5, 2008
Hearing: Fiscal Year 2009 Navy Posture Hearing
Member: Senator Inouye
Witness: Secretary Winter, ADM Roughead
Question: #11

Virginia Class Submarine

Question: Admiral Roughhead, last year the appropriations conference added $588 million above the budget request to accelerate the procurement of two submarines per year. I understand the Navy now plans to begin procuring two submarines per year in FY 2011. What effects will this have on the Navy's overall shipbuilding plan? Secretary Winter, would you comment on the procurement plan for the Virginia Class?

Answer: Procuring two submarines per year one year earlier (FY 2011 vice FY 2012), will reduce the number of years the SSN force structure is below 48 from 14 (per FY 2008 shipbuilding plan) to 12 years.

The 30 year Shipbuilding Plan is the best balance of anticipated resources to the Navy's force structure requirements. Having less than 48 attack submarines (from 2022 through 2033) is not ideal, but the long-term risk is manageable as part of a stable, properly balanced shipbuilding plan.

EXAMPLE

Program Briefs and RFIs

YOUR PROGRAM

PICTURE

Staffer's name
Briefing date

APPROPRIATION 1 -- R1/P1#, and PE
APPROPRIATION 2 -- R1/P1#, and PE
APPROPRIATION 3 -- R1/P1#, and PE

YOUR NAME
OFFICE SYMBOL

1

DEPARTMENT OF DEFENSE
INFORMATION PAPER

SERVICE/AGENCY: U. S. NAVY
APPROPRIATION ACCOUNT: RDTEN/OMN/OPN/etc., R-1/P-1 #, PE (Delete if N/A)
BUDGET ACTIVITY: BA-#(Delete if N/A)
SUBJECT: Joint High Speed Vessel (JHSV)
DATE: 02 August 2007

If multiple questions, then state each question separately followed by its respective response:

1. QUESTION/REQUEST: Restate the question provided by OLA/FMBE.

RESPONSE: Provide brief, factual, pertinent statement that answers the question(s) and reflects the DoN position vice that of a program manager, resource sponsor or individual group.

Notional Defense Appropriations Legislative Calendar

OCTOBER NOVEMBER DECEMBER JANUARY FEBRUARY MARCH APRIL MAY JUNE JULY AUGUST SEPTEMBER

BEGINNING OF FISCAL YEAR

CONGRESS CONVENES

PRESIDENT SUBMITS BUDGET

SECDEF, CJCS, & CINC TESTIMONY

BUDGET PROCESS

HBC — F — F — CONF — RES

SBC — F — F — CONF — RES

AUTHORIZATION BILL

HASC — SUBCOM — HASC — F — F — CONF — BILL — PRESIDENT

SASC — SUBCOM — SASC — F — F — CONF — BILL — PRESIDENT

APPROPRIATIONS BILL

HOUSE SUBCOM — HAC — F — F — CONF — BILL — PRESIDENT

SENATE SUBCOM — SAC — F — F — CONF — BILL — PRESIDENT

OCTOBER NOVEMBER DECEMBER JANUARY FEBRUARY MARCH APRIL MAY JUNE JULY AUGUST SEPTEMBER

F Floor Vote

CONF CONFERENCE

Committee Markup

H.R. XXXX

A Bill

Provides lump-sum appropriation for each account

REPORT

OF THE

COMMITTEE ON APPROPRIATIONS

Provides more detailed directions to the Department on the distribution of funding among various activities funded within an account

HAC-D and SAC-D Markup

FY08 SCN Example

Account	Pres Budget	HAC	Change	HAC Comments	SAC	Change	SAC Comments
Shipbuilding and Conversion, Navy	**13,656**	**15,304**	**1,648**		**13,205**	**-451**	
DDG-1000	**2,803**	**2,773**	**-30**	Dual Band Radar	**2,807**	**4**	AGS Pallets
LCS	**910**	**339**	**-571**	Fund one fiscal year 2008 ship	**0**	**-910**	No funding for additional sea frames
LCS (AP-CY)	**0**	**0**	**0**		**75**	**75**	One LCS Seaframe in FY09
DDG-51	**78**	**78**	**0**		**48**	**-30**	Authorization Reduction
LHA(R)	**1,377**	**1,375**	**-2**	Cooperative Engagement Capability Sys	**1,377**	**0**	
SSBN ERO	**188**	**188**	**0**		**188**	**0**	
SSBN ERO (AP-CY)	**43**	**43**	**0**		**43**	**0**	
CVN Refueling Overhaul (AP-CY)	**297**	**297**	**0**		**297**	**0**	
Carrier Replacement Program (AP-CY)	**2,724**	**2,704**	**-20**	Ship Self Defense System	**2,704**	**-20**	Authorization Reduction
Virginia Class Submarine	**1,796**	**1,796**	**0**		**1,796**	**0**	
Virginia Class Submarine (AP-CY)	**703**	**1,291**	**588**	Accelerate second submarine procurement	**1,173**	**470**	
Amphibious Ships LPD-17 (AP-CY)	**1,399**	**3,092**	**1,693**	Tenth ship funding +$1.7B; [illegible]MSR $-5M; Guided missile launch system [illegible]2M	**1,399**	**0**	
						0	
Auxiliaries, Craft and Prior-Year Program Costs Special Purpose						**0**	
Special Purpose	**0**	**5**	**5**	CB 90 Riverine Craft	**0**	**0**	
Outfitting	**420**	**405**	**-15**	LCAC Reductucture	**380**	**-40**	Authorization Reduction
Service Craft	**33**	**33**	**0**		**33**	**0**	
LCAC SLEP	**99**	**99**			**99**	**0**	
Shipbuilding	Committee extremely concerned with the current state of the Navy shipbuilding program. The LCS which will comprise nearly 20% Of the 313 ship Navy has experienced significant cost growth and delays and the Navy has decreased its near term LCS quantities by 3 ships just since FY08 budget submission. The Committee is fearful that if the same type of growth is realized on the DDG-1000 and carrier replacement programs, the shipbuilding program will be put in greater peril. The Committee directs that future construction of ships not begin until the final ship design is complete.						The Committee has serious concerns with the Navy's ability to deliver on the current shipbuilding program of record. The Navy's track record for building ships on time and on budget has not been good. GAO has recently pointed out that ships under construction at the beginning of the current FY have experienced cumulative cost growth of $5B above their original budgets. The Committee is very concerned that accelerating any of the current shipbuilding programs is unexecutable and would have the effect of just "banking" funds.

EXAMPLE

Conference Appeals

Department of Defense Appeal
FY 2008 Defense Appropriations Bill

Subject: Littoral Combat Ship (LCS)

Appropriation: Shipbuilding and Conversion, Navy and RDT&E, Navy

Summary: The House reduced the request by $571 million and authorized procurement of one LCS ship using materials purchased in prior years from LCS 3. The Senate recommended a reduction of $910.5 million to the LCS budget request due to "significant uncertainty surrounding the LCS program" related to cost growth and schedule slip. Additionally, the Senate rescinded $300 million of the LCS program's FY 2007 SCN funding, "cancelling LCS 4." The Senate provided an additional $75 million in Advance Procurement funding for one LCS Flight 1 seaframe in FY 2009 and an additional $81 million in RDT&E to fully fund LCS 1 and 2.

EXAMPLE

Budget Authority
(Dollars in Millions)

Item	Budget	House	Senate	Appeal
LCS PB 2008 SCN	910.5	339.5	0.0	460.0
LCS FY 2008 RDT&E (Dev. & Construction)	108.3	108.3	189.3	248.3
LCS FY 2007 SCN Rescission	0.0	0.0	-300.0	-140.0
LCS FY 2009 Advance Procurement	0.0	0.0	75.0	0.0

DoD Position: The Department opposes the Senate reduction of $910.5 million for the FY 2008 ships and the recommendation to cancel LCS 4 because it would delay the delivery of any substantial capability to the Fleet at least two to three years, and would add significant cost to existing and follow-on ships. The President's request for FY 2008 Flight 0 LCS ships is intended to procure capability against today's threats and the Navy urges that this request be supported. The elimination of FY 2008 ship procurement and the cancellation of LCS 4 would add overhead costs to LCS 1 and 2, and the increased gap in production at each shipyard would result in higher future costs due to production start-up, escalation, higher overhead and a loss in learning.

Conference Outcome

Account	Pres Budget	HAC	Change	SAC	Change	Conf	Change	Summary
Shipbuilding and Conversion, Navy	**13,656**	**15,304**	**1,648**	**13,205**	**-451**	**13,598**	**-58**	
DDG-1000	**2,803**	**2,773**	**-30**	**2,807**	**4**	**2,776**	**-27**	DBR -$30M; AGS Pallets +$4M
LCS	**910**	**339**	**-571**	**0**	**-910**	**339**	**-571**	Fund 1 FY08 LCS Ship at $339M
LCS (AP-CY)	**0**	**0**	**0**	**75**	**75**	**0**	**0**	~~No Advance Procurement~~
DDG-51	**78**	**78**	**0**	**48**	**-30**	**48**	**-30**	Authorized Reduction
LHA(R)	**1,377**	**1,375**	**-2**	**1,377**	**0**	**1,375**	**-2**	Cooperative Engagement Capability Sys -$2M
LPD-17	**1,399**	**3,092**	**1,693**	**1,399**	**0**	**1,392**	**-7**	C4ISR -$5M; Guided missile launch system -$2M
SSBN ERO	**188**	**188**	**0**	**188**	**0**	**188**	**0**	
SSBN ERO (AP-CY)	**43**	**43**	**0**	**43**	**0**	**43**	**0**	
CVN Refueling Overhaul (AP-CY)	**297**	**297**	**0**	**297**	**0**	**297**	**0**	
Carrier Replacement Program (AP-CY)	**2,724**	**2,704**	**-20**	**2,704**	**-20**	**2,704**	**-20**	Program Reduction
Virginia Class Submarine	**1,796**	**1,796**	**0**	**1,796**	**0**	**1,796**	**0**	
Virginia Class Submarine (AP-CY)	**703**	**1,291**	**588**	**1,173**	**470**	**1,291**	**588**	Accelerate second submarine procurement
Amphibious Ships LPD-17 (AP-CY)						**50**	**50**	Tenth Ship Advance Procurement
Auxiliaries, Craft and Prior-Year Program Costs Special Purpose								
Special Purpose	**0**	**5**	**5**	**0**	**0**	**0**	**0**	
Outfitting	**420**	**405**	**-15**	**380**	**-40**	**380**	**-40**	Authorization Reduction
Service Craft	**33**	**33**	**0**	**33**	**0**	**33**	**0**	
LCAC SLEP	**99**	**99**	**0**	**99**	**0**	**99**	**0**	
Completion of PY Shipbuilding Programs	**511**	**511**	**0**	**511**	**0**	**511**	**0**	

EXAMPLE

Appropriations Status

- FY09 OCO Request
- American Recovery & Reinvestment Act
- FY10 Defense Appropriations Bill
- FY10 Military Construction Bill
- FY10 OCO Request

Hill Perspective

Member Interests

Professional Staff Member balances competing interests & requirements against constrained top line.

Industry Concerns via Lobbyists

Constrained Top Line resulting from **Budget Resolution** and **Authorization Act**

President's Budget Request

FMBE

Tools available to the staffer

- Industry Interaction
- Member Interaction
- Personal Staff Interaction
- Budget Books and Briefs
- Hearings
- RFIs
- Travel

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